

Message Text

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PAGE 01 STATE 089643
ORIGIN EB-08

INFO OCT-01 ISO-00 EUR-12 /021 R

66011

DRAFTED BY EB:BSAMUEL

APPROVED BY EB:BSAMUEL

-----040663 071531Z /45

O 071503Z APR 78

FM SECSTATE WASHDC

TO AMEMBASSY COPENHAGEN IMMEDIATE

UNCLAS STATE 089643

PASS ASST SEC KATZ

FOLLOWING REPEAT JAKARTA 4485 ACTION STATE INFO BANGKOK CANBERRA
KINSHASA KUALA LUMPUR LAGOS LA PAZ LONDON APR 7.

QUOTE NCLAS JAKARTA 4485

EO 11652: NA

TAGS: EMIN, ITC, ID

SUBJ: ITC PRODUCERS' MEETING PRESS COMMUNIQUE

1. BELOW IS TEXT OF PRESS COMMUNIQUE ISSUED FOLLOWING SPECIAL
MEETING OF PRODUCER MEMBERS OF ITC HELD IN JAKARTA APRIL 5-6.
EMBASSY COMMENTS FOLLOW IN SEPTTEL.

2. QUOTE: A SPECIAL MEETING OF PRODUCER MEMBERS OF THE
INTERNATIONAL TIN COUNCIL (ITC) WAS HELD IN JAKARTA ON
5 AND 6 APRIL 1978, WITH MR. ABDUL FATAH BIN ZAKARIA
(MALAYSIA) IN THE CHAIR. ALL SEVEN PRODUCER MEMBER COUNTRIES
NAMELY AUSTRALIA, BOLIVIA, INDONESIA, MALAYSIA, NIGERIA,
THAILAND AND ZAIRE WERE REPRESENTED AT THE MEETING.
IN HIS OPENING ADDRESS, H.E. THE MINISTER OF MINES
AND ENERGY OF THE REPUBLIC OF INDONESIA, PROF. DR. SUBROTO,
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REFERRED TO PAST AND PRESENT US GOVERNMENT REQUESTS TO
THE US CONGRESS FOR GSA TIN RELEASES. THE MINISTER SAID
THAT THEIR IMPACT HAD ALWAYS BEEN FAR REACHING AND UN-
LESS HANDLED WITH GREAT CARE, MAY BE RUINOUS TO THE
LONG-TERM DEVELOPMENT OF THE TIN INDUSTRY. HE ALSO MAIN-
TAINED THE VIEW THAT REPLYING ON NON-TRADITIONAL SOURCES
OF TIN SUPPLIES SUCH AS NON-COMMERCIAL STOCKS IN TIMES

OF STRUCTURAL IMBALANCES, WOULD BE DETRIMENTAL TO THE INTEREST OF THE CONSUMING MEMBERS OF THE FIFTH INTERNATIONAL TIN AGREEMENT, FOR IN SO DOING THEY WILL THEN BE EXPOSING THEMSELVES TO THE WHIMS OF STOCKPILE RELEASES OF TIN OWNED BY A SOVEREIGN STATE. BY THE SAME TOKEN THE ABSENCE OF A LONG-TERM PROGRAM OF THE IMPENDING STOCKPILE RELEASE WOULD IMPAIR INVESTMENT DECISIONS LEADING TO YET ANOTHER SERIOUS PROBLEM OF TIN SHORTAGE IF AND WHEN THE STOCKPILE TIN HAS BEEN DEPLETED. HE URGED ALL GOVERNMENTS OF PRODUCING COUNTRIES TO EXPRESS CLEARLY TO THE US GOVERNMENT THEIR CONCERN ABOUT THIS MATTER. DURING THE MEETING PRODUCERS REVIEWED ALL INFORMATION AVAILABLE TO THEM PERTAINING TO VARIOUS PROPOSALS FOR LEGISLATION IN THE US TOWARDS GSA TIN RELEASES. PRODUCERS CONCLUDED THAT THE AVAILABLE INFORMATION IS CONFUSING AND HAS BEEN SUBJECT TO MISCONSTRUCTION AND UNWARRANTED SPECULATION AND HAS HAD A REGRETABLE DAMAGING IMPACT ON THE TIN MARKET. PRODUCERS AGREED THAT SUCH IMPACT ON THE MARKET HAS AN UNDESIRABLE ECONOMIC EFFECT ON THEIR TIN INDUSTRY AND THAT IN ORDER TO ALLEVIATE THIS UNJUSTIFIED DAMAGE THERE IS NEED FOR URGENT CLARIFICATION BY THE US GOVERNMENT ON THE RAMIFICATIONS AND LIMITATIONS OF THESE LEGISLATIVE PROPOSALS. PRODUCERS AGREED THAT IT WAS TIMELY THAT THEY CONVEY THEIR COLLECTIVE AND JOINT VIEWS TO THE US GOVERNMENT. UNCLASSIFIED

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PRODUCERS WERE OF THE VIEW THAT THE PROPOSALS FOR DISPOSAL, PARTICULARLY THE UNCERTAINTY REGARDING US INTENTIONS, WAS CAUSING MARKET DISRUPTION WHICH THREATENED THE BASIC OBJECTIVES OF THE FIFTH INTERNATIONAL TIN AGREEMENT RELEVANT TO PRICE STABILITY. IN THIS REGARD THEY EMPHASIZED THAT DISRUPTION OF THE MARKET WOULD BE DETRIMENTAL TO THE LONG-TERM SUPPLIES OF TIN FROM NATURAL SOURCES. PRODUCERS ALSO AGREED THAT THEY COULD RIGHTLY EXPECT THE UNITED STATES, AS A MEMBER OF THE FIFTH INTERNATIONAL TIN AGREEMENT, AND BY VIRTUE OF THE PROVISIONS OF THE AGREEMENT TO ENTER INTO COMPREHENSIVE AND TIMELY CONSULTATIONS WITH THE ITC IN FORMULATING LONG-TERM DISPOSAL PROGRAMS. PRODUCERS WOULD LOOK FORWARD TO AN OPPORTUNITY TO DISCUSS AND AGREE ON A DISPOSAL PROGRAM WHICH WOULD NOT ONLY ELIMINATE MARKET DISTURBANCES BUT WOULD ALSO OFFER TIN PRODUCERS LONG-TERM ASSURANCES NECESSARY FOR INVESTMENT TO MAINTAIN EXISTING AND NEW PRODUCTION CAPACITY IN ORDER TO MEET FUTURE TIN CONSUMER REQUIREMENTS. PRODUCERS REITERATED THEIR VIEW, EXPRESSED AT THE JANUARY SESSION OF THE ITC, ON THE NEED FOR UPWARD

REVISION OF THE BUFFER STOCK FLOOR AND CEILING PRICES
AND AGREED THAT THEY WOULD CONTINUE TO PRESS FOR THE
ADOPTION OF THEIR PROPOSAL AT THE FORTHCOMING APRIL
SESSION OF THE ITC.

PRODUCERS AGREED TO KEEP ALL MATTERS DISCUSSED AT
THEIR JAKARTA MEETING UNDER CONTINUING REVIEW AND TO TAKE
THE NECESSARY STEPS SO THAT APPROPRIATE ACTION COULD BE
TAKEN.

PRODUCERS EXPRESSED THEIR SINCERE APPRECIATION TO
THE GOVERNMENT OF INDONESIA FOR HOSTING THE MEETING
AND THANKED THEM FOR THEIR WARM HOSPITALITY AND EXCELLENT
ARRANGEMENTS PROVIDED. END QUOTE.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MEETINGS, COMMUNIQUE
Control Number: n/a
Copy: SINGLE
Draft Date: 07 apr 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE089643
Document Source: CORE
Document Unique ID: 00
Drafter: BSAMUEL
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780150-1041
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780480/aaaacptn.tel
Line Count: 136
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 4bf434b4-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3038581
Secure: OPEN
Status: NATIVE
Subject: ITC PRODUCERS' MEETING PRESS COMMUNIQUE
TAGS: EMIN, OCON, SOPN, ID, ITC
To: COPENHAGEN
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/4bf434b4-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014